

**THE HOUSING AND REDEVELOPMENT
COMMISSION OF THE CITY OF WATERTOWN
SOUTH DAKOTA, A COMPONENT UNIT OF
THE CITY OF WATERTOWN, SOUTH DAKOTA**

FINANCIAL REPORT

DECEMBER 31, 2012

CONTENTS

Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance in Accordance with OMB Circular A-133	1 and 2
Independent Auditor's Report On Internal Control Over Financial Reporting And On Compliance and Other Matters Based On An Audit of Financial Statements Performed In Accordance With <i>Government Auditing Standards</i>	3 and 4
Schedule of Prior Audit Findings and Questioned Costs	5
Schedule of Current Audit Findings and Questioned Costs	6
Independent Auditor's Report	7 and 8
Management's Discussion and Analysis (Unaudited)	9-11
Financial Statements	
Statements of net position	12
Statements of revenues, expenses and changes in fund net position	13
Statements of cash flows	14
Notes to financial statements	15-18
Supplementary Information	
Members of the board of commissioners	19
Schedule of expenditures of federal awards	20
Supplemental financial data schedules	21-27

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL
PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the Board of Commissioners
The Housing and Redevelopment Commission
of the City of Watertown, South Dakota
Watertown, South Dakota

Report on Compliance for Each Major Federal Program

We have audited The Housing and Redevelopment Commission of the City of Watertown, South Dakota, a component unit of the City of Watertown, South Dakota ("Commission") compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Commission's major federal programs for the year ended December 31, 2012. The Commission's major federal program is identified in the summary of auditor's results section of the accompanying schedule of current audit findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contract and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Commission's major federal programs based on our audit of the types of compliance requirements referred to above.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Commission's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination on the Commission's compliance.

Opinion on Each Major Federal Program

In our opinion, the Commission complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2012.

Report on Internal Control Over Compliance

Management of the Commission is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Commission's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program in order to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major

federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Commission's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Current Audit Findings and Questioned Costs as item 2012-01 to be a material weakness.

The Commission's response to the finding identified in our audit is described in the accompanying Schedule of Current Audit Findings and Questioned Costs. The Commission's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purposes. As required by South Dakota Codified Law 4-11-11, this report and our report on compliance for each major federal program are matters of public record and their distribution is not limited.

Vilhauer Rand & Snyder P.C.

Watertown, South Dakota
August 5, 2013

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Board of Commissioners
The Housing and Redevelopment Commission
of the City of Watertown, South Dakota
Watertown, South Dakota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the business-type activities of The Housing and Redevelopment Commission of the City of Watertown, South Dakota, a component unit of the City of Watertown, South Dakota ("Commission") as of December 31, 2012, and for the year then ended, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements and have issued our report thereon dated August 5, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Commission's internal control over financial reporting ("internal control") to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of the Commission's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of current audit findings and questioned costs, we identified a certain deficiency in internal control that we consider to be a material weakness.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Commission's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiency described in the accompanying Schedule of Current Audit Findings and Questioned Costs as item 2012-01 to be a material weakness over financial reporting.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Commission's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our

audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Commission's Response to Findings

The Commission's response to the finding identified in our audit is described in the accompanying Schedule of Current Audit Findings and Questioned Costs. The Commission's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Commission's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. As required by South Dakota Codified Law 4-11-11, this report is a matter of public record and its distribution is not limited.

Vilhauer Raul & Snyder P.C.

Watertown, South Dakota
August 5, 2013

**THE HOUSING AND REDEVELOPMENT COMMISSION OF THE CITY OF WATERTOWN,
SOUTH DAKOTA, A COMPONENT UNIT OF THE CITY OF WATERTOWN, SOUTH DAKOTA**

**SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS
December 31, 2012**

Prior Other Audit Findings

2011-01

A significant deficiency and material weakness was reported for a lack of segregation of duties. This lack of segregation of duties continues to exist and is restated under current other audit findings as finding number 2012-01.

**THE HOUSING AND REDEVELOPMENT COMMISSION OF THE CITY OF WATERTOWN,
SOUTH DAKOTA, A COMPONENT UNIT OF THE CITY OF WATERTOWN, SOUTH DAKOTA**

**SCHEDULE OF CURRENT AUDIT FINDINGS AND QUESTIONED COSTS
December 31, 2012**

Summary of the Independent Auditor's Results

Financial Statements

- a. An unqualified opinion was issued on the financial statements of the business-type activity of the Housing and Redevelopment Commission of the City of Watertown, South Dakota, a Component Unit of the City of Watertown, South Dakota.
- b. A material weakness was disclosed by our audit of the financial statements for a lack of segregation of duties as discussed in finding number 2012-01.
- c. Our audit did not disclose any noncompliance which was material to the financial statements.

Federal Awards

- d. A material weakness was disclosed for internal control over major federal programs for a lack of segregation of duties affecting all compliance requirements as discussed in finding number 2012-01.
- e. An unqualified opinion was issued on compliance with requirements applicable to the major program.
- f. Our audit disclosed audit findings that are required to be disclosed in accordance with the Office of Management and Budget Circular A-133, Section .510(a). See finding number 2012-01.
- g. The federal award tested as a major program was CFDA No. 14.871, Section 8 Housing Choice Vouchers.
- h. The dollar threshold used to distinguish between Type A and Type B federal award programs was \$300,000.
- i. The Housing and Redevelopment Commission of the City of Watertown, South Dakota, a component unit of the City of Watertown, South Dakota did not qualify as a low-risk entity.

Current Federal Audit Findings

Internal Control Related Findings-Material Weakness

2012-01

Condition: A material weakness was reported for a lack of segregation of duties for the revenue, expenditure and payroll functions. This finding was also reported as a material weakness for internal control over major federal programs.

Criteria: Misstatements in amounts that would be material in relation to the financial statements may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Cause: This comment is a result of the size of the Commission, which precludes staffing at a level sufficient to provide an ideal environment for internal controls.

Effect: The possible asserted effect of this condition is the misappropriation of cash or other assets.

Recommendation: We recommend management continue to monitor its delegation of duties and segregate sensitive functions as much as possible.

Views of Responsible Officials and Planned Corrective Actions: Mary A. Goldade, Executive Director, is the contact person at the Commission responsible for the corrective action plan for this comment. The governing board has determined it is not cost beneficial to employ additional personnel for the sole purpose of adequately segregating duties. The Commission is aware of this problem and is attempting to provide compensating controls wherever and whenever possible and practical. However, this lack of segregation of duties continues to exist.

INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
The Housing and Redevelopment Commission
of the City of Watertown, South Dakota
Watertown, South Dakota

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activity of The Housing and Redevelopment Commission of the City of Watertown, South Dakota, a component unit of the City of Watertown, South Dakota ("Commission") as of December 31, 2012 and 2011 and for each of the years then ended, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

The Commission's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Commission's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activity of the Commission as of December 31, 2012 and 2011, and the results of its operations, changes in net position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (MD&A) on pages 9-11 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of the financial reporting for placing the basic financial statements in an

appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

The listing of the members of the board of commissioners on page 19 has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Commission's financial statements. The schedule of expenditures of federal awards on page 20, which is required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and the supplemental financial data schedules on pages 21-27 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued a report dated August 5, 2013, on our consideration of the Commission's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Commission's internal control over financial reporting and compliance.

Vilhauer Rand $\frac{1}{3}$ Snyder P.C.

Watertown, South Dakota
August 5, 2013

HOUSING AND REDEVELOPMENT COMMISSION OF THE CITY OF WATERTOWN, SD

Management's Discussion and Analysis (Unaudited)

December 31, 2012

This section of the Housing and Redevelopment Commission of the City of Watertown, South Dakota's ("the Authority") annual financial report presents management's discussion and analysis of the Authority's financial performance during the year ended December 31, 2012. This analysis is meant to provide additional insight into the Authority's activities and should be read in conjunction with the Independent Auditor's Report, financial statements, notes to the financial statements and supplementary information.

The Authority

The Authority was established in 1971 for the purpose of providing housing and housing assistance to the low and very low income, elderly, family and disabled, through low rent housing programs designated to provide decent, safe, affordable and sanitary housing. The Authority operates three separate programs for low-income housing. These programs are Public Housing, Section 8 Housing Choice Voucher Program, and Governors houses. A breakdown of the individual programs' financial information can be found in the supplementary information section of the following financial statements.

The Authority's financial statements include the operations of funds that the Authority has established to achieve its purpose. The activity of the Authority is accounted for as a proprietary type fund. The Authority is a component unit of the City of Watertown, South Dakota and its financial statements are included in the Annual Report of the City of Watertown.

Financial Highlights

- Total assets of the Authority decreased \$403,937 as of December 31, 2012.
- Total liabilities of the Authority decreased \$3,780 as of December 31, 2012.
- Net position of the Authority decreased \$400,157 as of December 31, 2012.
- Cash and cash equivalents of the Authority decreased \$291,17 as of December 31, 2012.
- Unrestricted net position of the Authority increased by \$39,430 as of December 31, 2012.

CAPITAL ASSETS

As of December 31, 2012, the Authority's investment in capital assets for its governmental activities was \$959,776 (net of accumulated depreciation). This investment in capital assets includes buildings, improvements and equipment.

The Authority withdrew \$39,587 in Capital Funds in the year 2012. This money was used for operating costs.

LONG-TERM LIABILITIES

As of December 31, 2012, Long-Term Liabilities are \$0. The entire amount of debt will be paid in full in 2013.

PROGRAM REVENUES AND EXPENSES BY MAJOR SOURCE AND CATEGORY

PUBLIC HOUSING

Total revenues increased by \$40,246 and expenses increased by \$19,200. The increase in revenue is due to an increase in rent collection and a small increase in operating grants. More tenants are employed and paying a portion of their rent. The increase in expenses comes from an increase in utilities, maintenance and bad debt write-offs.

CAPITAL FUNDS

Capital funds in the amount of \$39,587 were received in 2012. The Capital Funds drawn down were from the year 2010 grant amount. This amount was a decrease of \$27,040 from December 31, 2011. The Authority has not started drawing down the 2011 Capital Fund grant.

SECTION 8 VOUCHERS

Total revenues decreased by \$638,524 and total expenses decreased by \$13,854 from the prior year. The revenue decrease is due to a decrease in HUD housing assistance payments since fewer units were leased in 2011. The decrease in expenses is due to a decrease in administrative salaries and benefits due to retirement, not rehiring a full time person and reallocation. An increase in HAP payments helped spend the excess revenue from 2011.

BUSINESS ACTIVITIES

Total operating revenue decreased by \$121 and the total expenses decreased by \$18 from the prior year. Revenues and expenses in Business Activities currently only include the three Governors Houses owned by the Housing Authority.

TOTAL REVENUES AND EXPENSES

Total revenues for 2012 decreased by \$625,439 due to a decrease in funding from HUD. Total expenses decreased by \$1,381. The costs for tenant services, maintenance, bad debts write-offs, and HAP payments all increased while the decrease in administrative costs helped cover these increases.

Financial Statements

The discussion and analysis are intended to serve as an introduction to the Authority's financial statements. The Authority is accounted for utilizing fund accounting and employs: 1) the General Bond Resolution Fund and 2) the Second General Bond Resolution Fund. Note 1 to the financial statements provides a description of the organization, funds and significant accounting policies. The financial statements of the Authority provide accounting information similar to that of many other business entities. The Statement of Net Position summarizes the assets and liabilities, the difference between the two reported as net position. It also serves as the basis for analysis of the soundness and liquidity of the Authority. The Statement of Revenues, Expenses and Changes in Fund Net Position summarizes the Authority's operating performance for the year. The Statement of Cash Flows summarizes the flow of cash through the Authority as it conducts its business.

Statements of Net Position

	<u>2012</u>	<u>2011</u>	<u>Difference</u>
ASSETS			
Current assets	\$ 337,396	\$ 648,184	\$ (310,788)
Capital assets	<u>959,776</u>	<u>1,052,925</u>	<u>(93,149)</u>
Total assets	<u>\$ 1,297,172</u>	<u>\$ 1,701,109</u>	<u>\$ (403,937)</u>
LIABILITIES			
Current liabilities	\$ 44,451	\$ 43,236	\$ 1,215
Long-term debt	<u>-</u>	<u>4,995</u>	<u>(4,995)</u>
Total liabilities	<u>44,451</u>	<u>48,231</u>	<u>(3,780)</u>
NET POSITION			
Invested in capital assets, net of related debt	959,776	1,052,925	(93,149)
Unrestricted net position	248,222	208,792	39,430
Restricted for housing assistance payments	<u>44,723</u>	<u>391,161</u>	<u>(346,438)</u>
Total net position	<u>1,252,721</u>	<u>1,652,878</u>	<u>(400,157)</u>
Total liabilities and net position	<u>\$ 1,297,172</u>	<u>\$ 1,701,109</u>	<u>\$ (403,937)</u>

Statements of Revenues, Expenses and Changes in Fund Net Position

	<u>2012</u>	<u>2011</u>	<u>Difference</u>
OPERATING REVENUES:			
Dwelling rental income	\$ 262,601	\$ 250,129	\$ 12,472
Other	<u>28,456</u>	<u>10,719</u>	<u>17,737</u>
Total operating revenues	<u>291,057</u>	<u>260,848</u>	<u>30,209</u>
OPERATING EXPENSES:			
Rental assistance payments	681,056	657,008	24,048
General and administrative	<u>625,053</u>	<u>650,482</u>	<u>25,429</u>
Total operating expenses	<u>1,306,109</u>	<u>1,307,490</u>	<u>(1,381)</u>
 OPERATING LOSS	 (1,015,052)	 (1,046,642)	 31,590
 NET NONOPERATING REVENUES	 <u>614,895</u>	 <u>1,232,215</u>	 <u>(617,320)</u>
 INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS	 (400,157)	 185,573	 (585,730)
CAPITAL CONTRIBUTIONS	<u>-</u>	<u>38,328</u>	<u>(38,328)</u>
 CHANGE IN NET POSITION	 (400,157)	 223,901	 (624,058)
 NET POSITION, BEGINNING OF YEAR	 <u>1,652,878</u>	 <u>1,428,977</u>	 <u>223,901</u>
NET POSITION, END OF YEAR	\$ <u>1,252,721</u>	\$ <u>1,652,878</u>	\$ <u>(400,157)</u>

Contacting the Authority's Financial Management

This report is presented to provide additional information regarding the operations of the Authority and to meet the requirements of GASB Statement No. 34.

The information in this report is intended to provide the reader with an overview of the Authority's operations along with the Authority's accountability for those operations. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Watertown Housing Authority, 24 West Kemp, Watertown, SD.

**THE HOUSING AND REDEVELOPMENT COMMISSION OF THE CITY OF WATERTOWN,
SOUTH DAKOTA, A COMPONENT UNIT OF THE CITY OF WATERTOWN, SOUTH DAKOTA**

STATEMENTS OF NET POSITION
December 31, 2012 and 2011

ASSETS	2012	2011
Current Assets		
Cash	\$ 268,343	\$ 559,514
Certificates of deposit	35,000	35,000
Accrued interest receivable	22	22
Accounts receivable	2,875	12,915
Prepaid expenses	31,156	40,733
Total Current Assets	337,396	648,184
Property and Equipment		
Land and land improvements	145,152	145,152
Dwelling structures	2,750,274	2,750,274
Dwelling equipment	311,242	313,042
Other equipment and improvements	115,600	110,443
	3,322,268	3,318,911
Accumulated depreciation	(2,362,492)	(2,265,986)
	959,776	1,052,925
Total Assets	\$ 1,297,172	\$ 1,701,109

LIABILITIES AND NET POSITION

Current Liabilities		
Current maturities of long-term debt	\$ 4,995	\$ 6,660
Accounts payable	7,796	12,472
Accrued expenses	8,879	989
Tenant security deposits	11,014	11,964
Payment in lieu of taxes	11,767	11,151
Total Current Liabilities	44,451	43,236
Long-Term Debt	-	4,995
Total Liabilities	44,451	48,231
Net Position		
Invested in capital assets, net of related debt	959,776	1,052,925
Restricted for housing assistance payments	44,723	391,161
Unrestricted net position	248,222	208,792
Total Net Position	1,252,721	1,652,878
Total Liabilities and Net Position	\$ 1,297,172	\$ 1,701,109

See Notes to Financial Statements.

**THE HOUSING AND REDEVELOPMENT COMMISSION OF THE CITY OF WATERTOWN,
SOUTH DAKOTA, A COMPONENT UNIT OF THE CITY OF WATERTOWN, SOUTH DAKOTA**

**STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
Years Ended December 31, 2012 and 2011**

	2012	2011
Operating Revenues		
Dwelling rental	\$ 262,601	\$ 250,129
Other income	28,456	10,719
Total Operating Revenues	291,057	260,848
Operating Expenses		
Administration	191,764	253,709
Depreciation	99,854	101,679
Utilities	60,452	60,097
Ordinary maintenance and operation	131,835	123,922
General	101,075	80,634
Rental assistance payments	681,056	657,008
Nonroutine maintenance	40,073	30,441
Total Operating Expenses	1,306,109	1,307,490
Operating Loss	(1,015,052)	(1,046,642)
Nonoperating Revenues (Expenses)		
Department of HUD operating subsidy	613,724	1,230,553
Interest income	1,171	1,836
Disposal of capital assets	-	(174)
Total Nonoperating Revenue	614,895	1,232,215
Income (Loss) Before Capital Contributions	(400,157)	185,573
Capital Contributions-Department of HUD	-	38,328
Change in Net Position	(400,157)	223,901
Net position, beginning	1,652,878	1,428,977
Net Position, Ending	\$ 1,252,721	\$ 1,652,878

See Notes to Financial Statements.

**THE HOUSING AND REDEVELOPMENT COMMISSION OF THE CITY OF WATERTOWN,
SOUTH DAKOTA, A COMPONENT UNIT OF THE CITY OF WATERTOWN, SOUTH DAKOTA**

STATEMENTS OF CASH FLOWS
Years Ended December 31, 2012 and 2011

	2012	2011
Cash Flows from Operating Activities		
Cash received from tenants	\$ 261,706	\$ 250,269
Cash payments to suppliers for general supplies and services	(321,356)	(321,273)
Cash payments to housing owners for housing assistance	(681,056)	(657,008)
Cash payments to employees for services	(191,052)	(228,963)
Payment in lieu of taxes	616	(2,752)
Other operating revenues	28,456	10,719
Net Cash from Operating Activities	(902,686)	(949,008)
Cash Flows from Noncapital Financing Activities		
Cash received from Department of HUD	623,709	1,220,568
Cash Flows from Capital and Related Financing Activities		
Cash received from Department of HUD	-	38,328
Principal payments on long-term borrowings	(6,660)	(6,658)
Acquisition of property and equipment	(6,705)	(40,016)
Net Cash from Capital and Related Financing Activities	(13,365)	(8,346)
Cash Flows from Investing Activities		
Interest on cash and cash equivalents	856	1,315
Interest on certificates of deposit	315	541
Net Cash from Investing Activities	1,171	1,856
Net Change in Cash	(291,171)	265,070
Cash, beginning	559,514	294,444
Cash, Ending	\$ 268,343	\$ 559,514
Reconciliation of Operating Loss to Net Cash from Operating Activities		
Operating loss	\$ (1,015,052)	\$ (1,046,642)
Adjustments to Operating Loss		
Depreciation	99,854	101,679
Changes in assets and liabilities:		
Accounts receivable	55	1,091
Prepaid expenses	9,577	5,553
Accrued annual leave	7,890	(9,235)
Accounts payable	(4,676)	2,249
Tenant security deposits	(950)	(951)
Payment in lieu of taxes	616	(2,752)
Net Cash from Operating Activities	\$ (902,686)	\$ (949,008)

See Notes to Financial Statements.

**THE HOUSING AND REDEVELOPMENT COMMISSION OF THE CITY OF WATERTOWN,
SOUTH DAKOTA, A COMPONENT UNIT OF THE CITY OF WATERTOWN, SOUTH DAKOTA**

NOTES TO FINANCIAL STATEMENTS

December 31, 2012

1. Nature of Business and Significant Accounting Policies

Nature of business

The Housing and Redevelopment Commission of the City of Watertown, South Dakota, a component unit of the City of Watertown, South Dakota ("Commission") operates a public housing project ("PHA") comprised of a five story low-rent housing facility consisting of 60 units for elderly or disabled individuals and 25 separate single family low-rent units, provides Section 8 rental assistance payments ("HAP") for approximately 230 low-income families and rents three houses to elderly or disabled individuals in the Watertown, South Dakota area. The majority of the Commission's operating funds come from the Department of Housing and Urban Development ("HUD").

The five members of the Commission's board are appointed by the mayor, with the approval of City Council. The Commission elects its own chairperson and recruits and employs its own management personnel and other employees. However, the City of Watertown retains the statutory authority to approve or deny or otherwise modify the Commission's plans to construct low-income housing units, or to issue debt, which gives the City of Watertown the ability to impose its will on the Commission; therefore, the Commission is a component unit of the City of Watertown.

A summary of the Commission's significant accounting policies follows:

Basis of accounting

The Commission is considered a single enterprise fund for financial reporting purposes. The activities of the Commission are recorded under various programs established for the administration of the Commission's operations. The Commission's financial statements have been prepared on the basis of the governmental proprietary fund concept which pertains to financial activities that operate in a manner similar to private business enterprises and are financed through tenant rental and federal housing assistance programs. The Commission's financial statements are presented on the accrual basis of accounting; revenues are recognized when earned and expenses are recognized when incurred. The Commission applies all applicable Government Accounting Standards Board ("GASB") pronouncements.

In the statement of revenues, expenses and changes in fund net position, revenues and expenses are classified in a manner consistent with how they are classified in the statement of cash flows. That is, transactions for which related cash flows are reported are capital and related financing activities, noncapital financing activities or investing activities are not reported as components of operating revenues or expenses.

Substantial operating losses result from the essential services that the Commission provides, and such operating losses will continue in the foreseeable future. To meet the funding requirements of these operating losses, the Commission receives subsidies from the federal government, primarily the U.S. Department of Housing and Urban Development, in the form of annual grants for operating assistance and contributions for capital improvements.

Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

THE HOUSING AND REDEVELOPMENT COMMISSION OF THE CITY OF WATERTOWN,
SOUTH DAKOTA, A COMPONENT UNIT OF THE CITY OF WATERTOWN, SOUTH DAKOTA

NOTES TO FINANCIAL STATEMENTS

December 31, 2012

1. Nature of Business and Significant Accounting Policies (Continued)

Deposits and investments

Deposits: The Commission's deposits are made in qualified public depositories as defined by SDCL 4-6A-1 and may be in the form of demand or time deposits. Qualified depositories are required by SDCL 4-6A-3 to maintain at all times, segregated from their other assets, eligible collateral having a value equal to at least 110 percent of the public deposit accounts which exceed deposit insurance such as the FDIC and NCUA. In lieu of pledging eligible securities, a qualified public depository may furnish irrevocable standby letters of credit issued by federal home loan banks accompanied by written evidence of that bank's public debt rating which may not be less than "AA" or a qualified public depository may furnish a corporate surety bond of a corporation authorized to do business in South Dakota.

The actual bank balances at December 31, 2012, were as follows:

Insured (FDIC/NCUA)	\$ 288,097
Uninsured, collateral jointly held by state's/Commission's agent in the name of the state and the pledging financial institution	32,866
	<u>\$ 320,963</u>

The carrying amount of cash and certificate of deposit on the December 31, 2012, statement of net position was \$303,343.

In general, SDCL 11-7-31 permits the Commission to invest any funds held in reserves or debt service funds, or any funds not required for immediate disbursement, in property or securities in which savings banks may legally invest funds subject to their control.

Investments: In general, SDCL 4-5-6 permits Commission funds to be invested in (a) securities of the United States and securities guaranteed by the United States government either directly or indirectly; or (b) repurchase agreements fully collateralized by securities described in (a); or in shares of an open-end, no-load fund administered by an investment company whose investments are in securities described in (a) and repurchase agreements described in (b). Also, SDCL 4-5-9 requires that investments shall be in the physical custody of the political subdivision or may be deposited in a safekeeping account with any bank or trust company designated by the political subdivision as its fiscal agent.

Property and equipment

The Commission defines property and equipment as assets with an initial investment of more than \$5,000 and an estimated useful life in excess of one year. Property and equipment is stated at cost. Depreciation is computed by the straight-line method over the following estimated useful lives:

	Years
Land improvements	40
Dwelling structures	7-40
Dwelling equipment	7
Other equipment and improvements	3-20

Because of its permanent nature, any amount spent to acquire land and land rights is capitalized and because it is an inexhaustible capital asset, land is not depreciated.

Fair value of financial instruments

Unless otherwise indicated, the fair value of all reported assets and liabilities which represent financial instruments (none of which are held for trading purposes) approximate the carrying values of such amounts.

THE HOUSING AND REDEVELOPMENT COMMISSION OF THE CITY OF WATERTOWN,
SOUTH DAKOTA, A COMPONENT UNIT OF THE CITY OF WATERTOWN, SOUTH DAKOTA

NOTES TO FINANCIAL STATEMENTS

December 31, 2012

1. Nature of Business and Significant Accounting Policies (Continued)

Payment in lieu of taxes

The Commission is not required to pay property taxes based on valuations established by the County Commissioners. Instead, payments are made in lieu of taxes, computed at five percent of rent collected.

Cash flows

For purposes of reporting cash flows, the Commission considers all cash accounts and all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Advertising costs

The Commission expenses advertising costs as incurred. The advertising costs as of December 31, 2012 and 2011 were \$315 and \$334, respectively.

Application of net position

It is the Commission's policy to first use restricted net position, prior to the use of unrestricted net position, when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

2. Capital Assets

Capital asset activity for the year ended December 31, 2012, was as follows:

	01/1/12	Additions	Deletions	12/31/12
Land and land improvements	\$ 145,152	\$ -	\$ -	\$ 145,152
Dwelling structures	2,750,274	-	-	2,750,274
Dwelling equipment	313,042	450	(2,250)	311,242
Other equipment and improvements	110,443	6,255	(1,098)	115,600
Accumulated depreciation	(2,265,986)	(99,854)	3,348	(2,362,492)
	\$ 1,052,925	\$ (93,149)	\$ -	\$ 959,776

3. Long-Term Debt

In September, 2010, the Commission entered into a loan agreement with the City of Watertown to obtain funding to support the Housing Development Project. The loan is to be repaid in thirty six monthly installments of \$555, without interest. The entire balance at December 31, 2012 of \$4,995 is due in 2013.

4. Retirement Plans

The Commission contributes to two retirement plans, the South Dakota Retirement System ("SDRS") and the Housing Renewal and Local Agency Retirement Plan.

All employees, working more than 30 hours per week, participate in the SDRS, a cost-sharing, multiple employer public employee retirement system established to provide retirement benefits for employees of the State of South Dakota and its political subdivisions. The SDRS provides retirement, disability and survivor benefits. The right to receive retirement benefits vests after three years of credited service. Authority for establishing, administering and amending plan provisions are found in South Dakota Codified Law 3-12. The SDRS issues a publicly available financial report that includes financial statements and required supplementary information.

The SDRS report may be obtained by writing to the SDRS, PO Box 1098, Pierre, SD 57501-1098 or calling (605) 773-3731.

Covered employees are required by state statute to contribute the following percentages of their salary to the plan; Class A Members, 6.0% of salary; Class B Judicial Members, 9.0% of salary; and Class B Public Safety Members, 8.0% of salary. State statute also requires the employer to contribute an amount equal to the employee's contribution.

**THE HOUSING AND REDEVELOPMENT COMMISSION OF THE CITY OF WATERTOWN,
SOUTH DAKOTA, A COMPONENT UNIT OF THE CITY OF WATERTOWN, SOUTH DAKOTA**

NOTES TO FINANCIAL STATEMENTS

December 31, 2012

4. Retirement Plans (Continued)

Full-time employees hired prior to December 31, 2007, participate in the Housing Renewal and Local Agency Retirement Plan, a cost-sharing, multiple employer defined benefit pension plan established to provide retirement benefits for employees of housing and redevelopment commissions. The right to receive retirement benefits vests after five years of credited service. Authority for establishing, administering and amending plan provisions are found in SDCL 11-7. The Plan issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the Housing Renewal and Local Agency, 462 South Fourth Avenue, Suite 1500, Louisville, KY 40202-3431. The Commission contributed 1.0% to the Housing Renewal and Local Agency Retirement Plan for the year ended December 31, 2012. Employees may also make elective contributions. The Commission's share of contributions to the Plans for the years ended December 31, 2012, 2011 and 2010, were \$10,725, \$15,402 and \$16,996, respectively.

5. Risk Management

The Commission is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During the years ended December 31, 2012 and 2011, the Commission managed its risks as follows:

Employee health insurance

The Commission purchases health insurance for its employees from a commercial insurance carrier.

Liability insurance

The Commission purchases liability insurance for risks related to torts; theft or damage to property; and errors and omissions of public officials from a commercial insurance carrier.

Workmen's compensation

The Commission purchases liability insurance for workmen's compensation from a commercial insurance carrier.

Unemployment benefits

The Commission provides coverage for unemployment benefits by paying into the Unemployment Compensation Fund established by state law and managed by the State of South Dakota.

6. Subsequent Events

Management has evaluated subsequent events through August 5, 2013, the date the financial statements were available to be issued. No significant subsequent events have been identified that would require adjustment of or disclosure in the accompanying financial statements.

**THE HOUSING AND REDEVELOPMENT COMMISSION OF THE CITY OF WATERTOWN,
SOUTH DAKOTA, A COMPONENT UNIT OF THE CITY OF WATERTOWN, SOUTH DAKOTA**

**MEMBERS OF THE BOARD OF COMMISSIONERS
December 31, 2012**

<u>Member</u>	<u>Position</u>	<u>Term Expires</u>
Pam Raeder	Chairperson	July 31, 2017
Tom Linngren	Vice Chairperson	March 31, 2014
Russell DeVine	Secretary/Treasurer	April 30, 2015
Joyce Aas	Member	June 30, 2016
Jackie Abel	Member	November 30, 2013

**THE HOUSING AND REDEVELOPMENT COMMISSION OF THE CITY OF WATERTOWN,
SOUTH DAKOTA, A COMPONENT UNIT OF THE CITY OF WATERTOWN, SOUTH DAKOTA**

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended December 31, 2012

Federal Grantor Program or Title	Federal CFDA Number	Expenditures
U.S. Department of Housing and Urban Development		
Direct Federal Funding:		
Public and Indian Housing	14.850	\$ 138,092
Section 8 Housing Choice Vouchers (Note 2)	14.871	436,045
Public Housing Capital Fund	14.872	39,587
Grand Total		\$ 613,724

Note 1: The accompanying schedule of expenditures of federal awards includes the federal grant activity of The Housing and Redevelopment Commission of the City of Watertown, South Dakota, a component unit of the City of Watertown, South Dakota, and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from those amounts presented in, or used in the preparation of, the basic financial statements.

Note 2: This represents a major federal financial assistance program.

THE HOUSING AND REDEVELOPMENT COMMISSION OF THE CITY OF WATERTOWN,
SOUTH DAKOTA, A COMPONENT UNIT OF THE CITY OF WATERTOWN, SOUTH DAKOTA

SUPPLEMENTAL FINANCIAL DATA SCHEDULES
December 31, 2012

Line Item Number	Description	Project Totals	Program Totals	Total
Assets				
111	Cash-unrestricted	\$ 134,408	\$ 89,212	\$ 223,620
113	Cash-restricted	-	44,723	44,723
100	Total Cash	134,408	133,935	268,343
126	Accounts receivable-tenants	2,224	-	2,224
128	Fraud recovery	651	-	651
129	Accrued interest receivable	22	-	22
120	Total Receivables, Net of Allowance for Doubtful Accounts	2,897	-	2,897
131	Investments-unrestricted	35,000	-	35,000
142	Prepaid expenses and other assets	29,042	2,114	31,156
144	Interprogram receivable	3,002	-	3,002
150	Total Current Assets	204,349	136,049	340,398
161	Land	145,152	-	145,152
162	Buildings	2,558,755	191,519	2,750,274
163	Furniture, equipment and machinery-dwellings	311,242	-	311,242
164	Furniture, equipment and machinery-administration	98,877	16,723	115,600
166	Accumulated depreciation	(2,232,377)	(130,115)	(2,362,492)
160	Total Capital Assets, Net of Accumulated Depreciation	881,649	78,127	959,776
180	Total Non-Current Assets	881,649	78,127	959,776
190	Total Assets	\$ 1,085,998	\$ 214,176	\$ 1,300,174
Liabilities				
312	Accounts payable due 90 days or earlier	\$ 7,682	\$ 114	\$ 7,796
322	Accrued compensated absences-current	7,489	1,390	8,879
333	Accounts payable-other government	11,767	-	11,767
341	Tenant security deposits	9,820	1,194	11,014
344	Current portion of long-term debt-operating borrowings	-	4,995	4,995
347	Interprogram payable	-	3,002	3,002
310	Total Current Liabilities	36,758	10,695	47,453
300	Total Liabilities	36,758	10,695	47,453
508.1	Invested in capital assets, net of related debt	881,649	78,127	959,776
511.1	Restricted net position	-	44,723	44,723
512.1	Unrestricted net position	167,591	80,631	248,222
513	Total Equity/Net Position	1,049,240	203,481	1,252,721
600	Total Liabilities and Equity/Net Position	\$ 1,085,998	\$ 214,176	\$ 1,300,174

THE HOUSING AND REDEVELOPMENT COMMISSION OF THE CITY OF WATERTOWN,
SOUTH DAKOTA, A COMPONENT UNIT OF THE CITY OF WATERTOWN, SOUTH DAKOTA

SUPPLEMENTAL FINANCIAL DATA SCHEDULES (CONTINUED)
December 31, 2012

Line Item Number	Description	Project Totals	Program Totals	Total
	Revenue			
70300	Net tenant rental revenue	\$ 235,336	\$ 16,200	\$ 251,536
70400	Tenant revenue-other	11,065	-	11,065
70500	Total Tenant Revenue	246,401	16,200	262,601
70600-010	Housing assistance payments	-	436,045	436,045
	Total HUD Program Grants	-	436,045	436,045
70600	HUD PHA Operating Grants	177,679	-	177,679
71100	Investment income-unrestricted	621	550	1,171
71400	Fraud recovery	-	3,844	3,844
71500	Other revenue	21,896	2,716	24,612
70000	Total Revenue	446,597	459,355	905,952
91100	Administrative salaries	70,045	21,931	91,976
91200	Auditing fees	15,025	15,025	30,050
91500	Employee benefit contributions-administrative	15,485	3,870	19,355
91600	Office expenses	23,321	18,696	42,017
91700	Legal expenses	485	-	485
91800	Travel	6,588	1,293	7,881
91000	Total Operating-Administrative	130,949	60,815	191,764
92100	Tenant services-salaries	31,575	-	31,575
92300	Employee benefit contributions-tenant services	6,980	-	6,980
92400	Tenant services-other	14,073	-	14,073
92500	Total Tenant Services	52,628	-	52,628
93100	Water	20,147	-	20,147
93200	Electricity	24,776	-	24,776
93300	Gas	15,529	-	15,529
93000	Total Utilities	60,452	-	60,452
94100	Ordinary maintenance and operations-labor	65,802	9,372	75,174
94200	Ordinary maintenance and operations-materials and other	19,879	90	19,969
94300	Ordinary maintenance and operations contracts-garbage and trash removal contracts	20,491	-	20,491
94500	Employee benefit contribution-ordinary maintenance	14,547	1,654	16,201
94000	Total Maintenance	120,719	11,116	131,835
96110	Property insurance	13,589	642	14,231
96120	Liability insurance	1,080	1,067	2,147
96130	Workmen's compensation	2,153	2,153	4,306
96140	All other insurance	1,928	-	1,928
96100	Total Insurance Premiums	18,750	3,862	22,612
96300	Payment in lieu of taxes	11,767	-	11,767
96400	Bad debts-tenants	14,068	-	14,068
96000	Total Other General Expenses	25,835	-	25,835
96900	Total Operating Expenses	409,333	75,793	485,126
97000	Excess of Revenue Over Operating Expenses	37,264	383,562	420,826

THE HOUSING AND REDEVELOPMENT COMMISSION OF THE CITY OF WATERTOWN,
SOUTH DAKOTA, A COMPONENT UNIT OF THE CITY OF WATERTOWN, SOUTH DAKOTA

SUPPLEMENTAL FINANCIAL DATA SCHEDULES (CONTINUED)
December 31, 2012

Line Item Number	Description	Project Totals	Program Totals	Total
97100	Extraordinary maintenance	39,675	-	39,675
97200	Casualty losses-non capitalized	398	-	398
97300	Housing assistance payments	-	678,487	678,487
97350	HAP-portability in	-	2,569	2,569
97400	Depreciation expense	93,487	6,367	99,854
90000	Total Expenses	542,893	763,216	1,306,109
10010	Operating transfer in	39,587	-	39,587
10020	Operating transfer out	(39,587)	-	(39,587)
10100	Total Other Financing Sources (Uses)	-	-	-
10000	Excess (Deficiency) of Revenue Over (Under) Expenses	\$ (96,296)	\$ (303,861)	\$ (400,157)
11030	Beginning equity	\$ 1,145,536	\$ 507,342	\$ 1,652,878
	Total Ending Equity	\$ 1,049,240	\$ 203,481	\$ 1,252,721
11190	Unit Months Available	1,012	3,780	4,792
11210	Unit Months Leased	993	2,214	3,207

THE HOUSING AND REDEVELOPMENT COMMISSION OF THE CITY OF WATERTOWN,
SOUTH DAKOTA, A COMPONENT UNIT OF THE CITY OF WATERTOWN, SOUTH DAKOTA

SUPPLEMENTAL FINANCIAL DATA SCHEDULES (CONTINUED)

December 31, 2012

Line Item Number	Description	Operating Fund Program	Capital Fund Program	Total Projects
	Assets			
111	Cash-unrestricted	\$ 134,408	\$ -	\$ 134,408
100	Total Cash	134,408	-	134,408
126	Accounts receivable-tenants	2,224	-	2,224
128	Fraud recovery	651	-	651
129	Accrued interest receivable	22	-	22
120	Total Receivables, Net of Allowance for Doubtful Accounts	2,897	-	2,897
131	Investments-unrestricted	35,000	-	35,000
142	Prepaid expenses and other assets	29,042	-	29,042
144	Interprogram due from	3,002	-	3,002
150	Total Current Assets	204,349	-	204,349
161	Land	145,152	-	145,152
162	Buildings	2,558,755	-	2,558,755
163	Furniture, equipment and machinery-dwellings	311,242	-	311,242
164	Furniture, equipment and machinery-administration	98,877	-	98,877
166	Accumulated depreciation	(2,232,377)	-	(2,232,377)
160	Total Capital Assets, Net of Accumulated Depreciation	881,649	-	881,649
180	Total Non-Current Assets	881,649	-	881,649
190	Total Assets	\$ 1,085,998	\$ -	\$ 1,085,998
	Liabilities			
312	Accounts payable due 90 days or earlier	\$ 7,682	\$ -	\$ 7,682
322	Accrued compensated absences-current	7,489	-	7,489
333	Accounts payable-other government	11,767	-	11,767
341	Tenant security deposits	9,820	-	9,820
310	Total Current Liabilities	36,758	-	36,758
300	Total Liabilities	36,758	-	36,758
508.1	Invested in capital assets, net of related debt	881,649	-	881,649
512.1	Unrestricted net position	167,591	-	167,591
513	Total Equity/Net Position	1,049,240	-	1,049,240
600	Total Liabilities and Equity/Net position	\$ 1,085,998	\$ -	\$ 1,085,998

THE HOUSING AND REDEVELOPMENT COMMISSION OF THE CITY OF WATERTOWN,
SOUTH DAKOTA, A COMPONENT UNIT OF THE CITY OF WATERTOWN, SOUTH DAKOTA

SUPPLEMENTAL FINANCIAL DATA SCHEDULES (CONTINUED)
December 31, 2012

Line Item Number	Description	Operating Fund Program	Capital Fund Program	Total Projects
	Revenue			
70300	Net tenant rental revenue	\$ 235,336	\$ -	\$ 235,336
70400	Tenant revenue-other	11,065	-	11,065
70500	Total Tenant Revenue	246,401	-	246,401
70600	HUD PHA Operating Grants	138,092	39,587	177,679
71100	Investment income-unrestricted	621	-	621
71500	Other revenue	21,896	-	21,896
70000	Total Revenue	407,010	39,587	446,597
91100	Administrative salaries	70,045	-	70,045
91200	Auditing fees	15,025	-	15,025
91500	Employee benefit contributions-administrative	15,485	-	15,485
91600	Office expenses	23,321	-	23,321
91700	Legal expenses	485	-	485
91800	Travel	6,588	-	6,588
91000	Total Operating-Administrative	130,949	-	130,949
92100	Tenant services-salaries	31,575	-	31,575
92300	Employee benefit contributions-tenant services	6,980	-	6,980
92400	Tenant services-other	14,073	-	14,073
92500	Total Tenant Services	52,628	-	52,628
93100	Water	20,147	-	20,147
93200	Electricity	24,776	-	24,776
93300	Gas	15,529	-	15,529
93000	Total Utilities	60,452	-	60,452
94100	Ordinary maintenance and operations-labor	65,802	-	65,802
94200	Ordinary maintenance and operations-materials and other	19,879	-	19,879
94300	Ordinary maintenance and operations	20,491	-	20,491
94500	Employee benefit contribution-ordinary maintenance	14,547	-	14,547
94000	Total Maintenance	120,719	-	120,719
96110	Property insurance	13,589	-	13,589
96120	Liability insurance	1,080	-	1,080
96130	Workmen's compensation	2,153	-	2,153
96140	All other insurance	1,928	-	1,928
96100	Total Insurance Premiums	18,750	-	18,750
96300	Payment in lieu of taxes	11,767	-	11,767
96400	Bad debts-tenants	14,068	-	14,068
96000	Total Other General Expenses	25,835	-	25,835
96900	Total Operating Expenses	409,333	-	409,333
97000	Excess (Deficiency) of Revenue Over (Under) Operating Expenses	(2,323)	39,587	37,264
97100	Extraordinary maintenance	39,675	-	39,675
97200	Casualty losses-non capitalized	398	-	398
97400	Depreciation expense	93,487	-	93,487
90000	Total Expenses	542,893	-	542,893
10010	Operating transfer in	39,587	-	39,587
10020	Operating transfer out	-	(39,587)	(39,587)
10100	Total Other Financing Sources (Uses)	39,587	(39,587)	-
10000	Excess (Deficiency) of Revenue Over (Under) Expenses	\$ (96,296)	\$ -	\$ (96,296)
11030	Beginning Equity	\$ 1,145,536	\$ -	\$ 1,145,536
	Total Ending Equity	\$ 1,049,240	\$ -	\$ 1,049,240
11190	Unit Months Available	1,012	-	1,012
11210	Unit Months Leased	993	-	993

THE HOUSING AND REDEVELOPMENT COMMISSION OF THE CITY OF WATERTOWN,
SOUTH DAKOTA, A COMPONENT UNIT OF THE CITY OF WATERTOWN, SOUTH DAKOTA

SUPPLEMENTAL FINANCIAL DATA SCHEDULES (CONTINUED)

December 31, 2012

Line Item Number	Description	Business Activities	Housing Choice	Total Programs
	Assets			
111	Cash-unrestricted	\$ 59,593	\$ 29,619	\$ 89,212
113	Cash-restricted	-	44,723	44,723
100	Total Cash	59,593	74,342	133,935
142	Prepaid expenses and other assets	-	2,114	2,114
150	Total Current Assets	59,593	76,456	136,049
162	Buildings	147,521	43,998	191,519
164	Furniture, equipment and machinery-administration	-	16,723	16,723
166	Accumulated depreciation	(74,338)	(55,777)	(130,115)
160	Total Capital Assets, Net of Accumulated Depreciation	73,183	4,944	78,127
180	Total Non-Current Assets	73,183	4,944	78,127
190	Total Assets	\$ 132,776	\$ 81,400	\$ 214,176
	Liabilities			
312	Accounts payable due 90 days or earlier	\$ -	\$ 114	\$ 114
322	Accrued compensated absences-current	-	1,390	1,390
341	Tenant security deposits	1,194	-	1,194
344	Current portion of long-term debt-operating borrowings	4,995	-	4,995
347	Interprogram due to	-	3,002	3,002
310	Total Current Liabilities	6,189	4,506	10,695
300	Total Liabilities	6,189	4,506	10,695
508.1	Invested in capital assets, net of related debt	73,183	4,944	78,127
511.1	Restricted net position	-	44,723	44,723
512.1	Unrestricted net position	53,404	27,227	80,631
513	Total Equity/Net Position	126,587	76,894	203,481
600	Total Liabilities and Equity/Net Position	\$ 132,776	\$ 81,400	\$ 214,176

THE HOUSING AND REDEVELOPMENT COMMISSION OF THE CITY OF WATERTOWN,
SOUTH DAKOTA, A COMPONENT UNIT OF THE CITY OF WATERTOWN, SOUTH DAKOTA

SUPPLEMENTAL FINANCIAL DATA SCHEDULES (CONTINUED)
December 31, 2012

Line Item Number	Description	Business Activities	Housing Choice Vouchers	Total Programs
Revenue				
70300	Net tenant rental revenue	\$ 16,200	\$ -	\$ 16,200
70500	Total Tenant Revenue	16,200	-	16,200
70600	Housing assistance payments	-	436,045	436,045
70600	Total HUD Program Grants	-	436,045	436,045
71100	Investment income-unrestricted	89	461	550
71400	Fraud recovery	-	3,844	3,844
71500	Other revenue	-	2,716	2,716
70000	Total Revenue	16,289	443,066	459,355
91100	Administrative salaries	-	21,931	21,931
91200	Auditing fees	-	15,025	15,025
91500	Employee benefit contributions-administrative	-	3,870	3,870
91600	Office expenses	-	18,696	18,696
91800	Travel	-	1,293	1,293
91000	Total Operating-Administrative	-	60,815	60,815
94100	Ordinary maintenance and operations-labor	-	9,372	9,372
94200	Ordinary maintenance and operations	90	-	90
94500	Employee benefit contribution-ordinary maintenance	-	1,654	1,654
94000	Total Maintenance	90	11,026	11,116
96110	Property insurance	642	-	642
96120	Liability insurance	-	1,067	1,067
96130	Workmen's compensation	-	2,153	2,153
96100	Total Insurance Premiums	642	3,220	3,862
96900	Total Operating Expenses	732	75,061	75,793
97000	Excess of Revenue Over Operating Expenses	15,557	368,005	383,562
97300	Housing assistance payments	-	678,487	678,487
97350	HAP-portability in	-	2,569	2,569
97400	Depreciation expense	5,151	1,216	6,367
90000	Total Expenses	5,883	757,333	763,216
10000	Excess (Deficiency) of Revenue Over (Under) Expenses	\$ 10,406	\$ (314,267)	\$ (303,861)
11030	Beginning Equity	\$ 116,181	\$ 391,161	\$ 507,342
	Total Ending Equity	\$ 126,587	\$ 76,894	\$ 203,481
11170	Administrative Fee Equity	\$ -	\$ 32,171	\$ 32,171
11180	Housing Assistance Payments Equity	-	44,723	44,723
	Total Ending Equity	\$ -	\$ 76,894	\$ 76,894
11190	Unit Months Available	-	3,780	3,780
11210	Unit Months Leased	-	2,214	2,214